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Agricultural Production and **Market Outlook**

The Rising Agriculture....

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Publisher
Agro-Economic Research Centre
Sardar Patel University
Vallabh Vidyanagar 388120
Anand, Gujarat

Email: director.aerc@gmail.com
Web: www.aercspu.ac.in

Final Estimate of 2015-16 & First Advance Estimates for 2016-17 of Area & Production of Horticulture Crops



The Department of Agriculture and Farmers Welfare has released the Final Estimates: 2015-16 and First Advance Estimates of 2016-17, of area and production of horticulture crops. These estimates are based on the information received from different State/UTs in the country.

The following table summarizes the All-India Final Estimates: 2014-15, Final Estimates: 2015-16 & First Advance Estimates: 2016-17;

(Area in '000 Ha, Production in '000 MT)

Total Horticulture	2014-15 (Final)	2015-16 (Final)	2016-17 (First Advance Estimate)
Area	23410	24472	24369
Production	280986	286188	287323

Highlights: - 2015-16 (Final Estimates)

- The total horticulture production of the country is estimated to be around 286 million tonnes during 2015-16 which is 2% higher than the previous year.
- Production of fruits is estimated to be 90 million tonnes which is 1% higher than the previous year.
- Production of vegetables is estimated to be around 169 million tonnes which is about 1.5% higher than the previous year.
- Production of spices is estimated to be around 7 million tonnes which is 14% higher than the previous year.
- Production of onion is estimated to be around 209 lakh tonnes which is 11% higher than the previous year.
- Production of potato is estimated to be around 434 lakh tonnes which is 10% lower than the previous year.
- Production of tomato is estimated to be around 187 lakh tonnes which is about 15% higher than the previous year.

Highlights: - 2016-17 (First Advance Estimates)

- The horticulture production of the country during 2016-17 is estimated to be around 287 million tonnes which is marginally higher as compared to 2015-16.
- Production of fruits is estimated to be 92 million tonnes which is about 2% higher than the previous year.
- Production of vegetables is estimated to be around 168.6 million tonnes which is marginally lower by 0.3% than the previous year.
- Production of spices is estimated to be around 7 million tonnes which is almost same as previous year.
- Production of onion is estimated to be around 197 lakh tonnes which is 6% lower than the previous year, which was a bumper production year. However as compared to the past 5 year's average onion production, this is about 5% higher.
- Production of potato is estimated to be around 439 lakh tonnes which is 1% higher than the previous year.

- Production of tomato is estimated to be around 189 lakh tonnes which is about 1% higher than the previous year.

Farm sector projected to grow at 5% in fourth Quarter



The agricultural and allied sector growth is officially projected at almost five per cent during the fourth quarter of the current financial year and could be revised higher, when the first provisional figures come in May-end.

Though agriculture growth at 4.98 per cent in the fourth quarter was lower than six per cent in the third quarter, it is still among the highest in recent times. During 2016-17, the agriculture and allied activities are expected to grow at 4.4 per cent, according to the recent data released by the Central Statistics Office (CSO). However, with the final rabi estimates not out yet, the government seems to have adopted a cautious approach in the fourth quarter. A positive base effect, as compared to the negative 2.2 per cent in the third quarter of 2015-16, will also impact the 2016-17 January-March quarter. An uncertain weather during the harvest time might also have added to that. The gross domestic product (GDP) estimates for the third quarter did take into account the initial rabi harvest projections, which projected a bumper crop, but in the absence of the final estimates, the CSO seems to have played it safe.

P.K. Joshi, South-Asia Head of the International Food Policy Research Institute, is more optimistic. He said both the fourth quarter estimates, and also the final agriculture GDP numbers for 2016-17, are expected to be revised up, as rabi production is looking really good. "Overall, I

feel 2016-17 agricultural production will be over five per cent; higher than the CSO estimate of 4.4 per cent, while for the fourth quarter (January-March), my feeling is that growth will be between 5.5-6.0 per cent," Joshi said.

The Centre, in the second advance estimate for agriculture production, projected the 2016-17 (July-June) rabi harvest at 134.47 million tonnes, which includes an all-time high wheat production of 96.64 million tonnes. Total foodgrains output in 2016-17 is estimated to be at a record 271.98 million tonnes, almost 21 million tonnes more than last year's.

Govt may reintroduce import duty on wheat



The Central government might re-introduce the import duty on wheat if the need be, food minister Ram Vilas Paswan.

The duty on wheat was abolished by the government in December 2016 after prices started rising in the open market due to low stocks. However, it invited a lot of criticism on the grounds that it might dishearten farmers as it was announced right in the middle of the 2016-17 sowing season.

Now, with wheat production expected to reach a record of over 96.6 million tonnes in the 2016-17 crop season that will end in June, the Centre could be considering re-introducing the duty.

Traders and industry players though said there is no need to bring back import duty as India might need to import another 2-3 million tonnes of wheat in 2017-18 marketing year as well. The 2017-18 rabi marketing year will start from April 1.

The Central government has fixed a target to purchase over 33 million tonnes of wheat from farmers in 2017-18, which is over 43 per cent more than the actual procurement of 2016-17 marketing year. He said to ensure that farmers don't face any problem in selling their wheat crop; procurement for which will start from April 1, 2017, the Centre has made extensive preparations with special attention to farmers from the eastern states. Centre abolished the import duty on wheat to increase its domestic availability and within a span of around two months around 4 million tonnes of wheat has been imported this year and more than 5.5 million tonnes have been contracted. According to the second advance production estimates, the production of major crops is expected to be 271.98 million tonnes.

After Kharif, India set to reap record rabi crops



A good monsoon in 2016 helped in achieving record Kharif crops output, and India is set to replicate the performance in Rabi or winter sown crops too, said a study by economic think-tank NCAER (National Council of Applied Economic Research).

As per the NCAER's report on the short-term agricultural outlook for the 2017 Rabi season, Gross Value Added (GVA) in agriculture and allied sector registered a significant 3.3 per cent year-on-year growth in the second quarter of 2016-17 as compared to 1.8 per cent growth in the previous quarter.

Overall, a robust growth of 4.1 per cent is estimated for the agriculture sector in 2016-17 as against the previous year's drought-impacted growth rate of 1.2 per cent.

In comparison, the latest official estimates suggest 4.4 per cent growth for 2016-17 and 0.8 per cent for 2015-16. The agriculture sector is projected to grow by 4.1 per cent in 2016-17, which is more than double the drought-impacted growth rate of 1.2 per cent in 2015-16.

The findings of the NCAER report are based on a comprehensive assessment of various factors including farm input prices and availability, monsoon rainfall, national and international market demand conditions and

government policies impacting this year's Rabi and Kharif crop production.

The forecast for wheat production in the Rabi season is 96-98.7 million tonnes compared with the government's estimate of 96.6 million tonnes assuming normal weather conditions through harvest.

The NCAER forecast for Rabi rice production is over 13 million tonnes compared with the government's estimate of 12.8 million tonnes.

Sugar output to fall 19% this season



India's sugar output will fall 19% this season due to poor crop yields in Karnataka, Maharashtra and Andhra Pradesh, a decline not steep enough to warrant imports yet, the apex industry grouping said in its revised estimates

The Indian Sugar Mills Association (ISMA) said output in the 2016-17 season beginning October would be about 20.3 million tonnes, compared with 25.1 million tonnes in the earlier season. In January this year, ISMA had forecast production of 21.3 million tonnes.

Considering the opening balance of 7.75 million tonne, and an estimated production of 20.3 million tonnes and

consumption of 23.8-24 million tonnes, the closing balance in the current season would be 4-4.2 million tonnes," ISMA said in a press statement. "This balance will be enough to meet the domestic requirement until almost end of November 2017."

India's sugar production fell from a high of 28.3 million tonnes in 2013-14 to 25.1 million tonnes in 2015-16, and hit a seven-year low

of 21.3 million tonnes in 2016-17 after two consecutive years of drought starting 2014. The South Asian nation is the world's biggest aggregate consumer of the sweetener, and often imports the commodity when local output falls sharply to prevent prices from soaring.

ISMA said that current sugar prices have been stable for the last two weeks and hence there was no reason to supplement domestic availability. "Nevertheless, once the crushing period gets over in the latter part of April 2017, ISMA will again review the figures."

According to ISMA, mills in Maharashtra have almost closed their crushing operations except at 17 mills and, therefore, the state is expected to produce about 4.2 million tonnes of sugar.

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From:

Agro-Economic Research Centre

For the states of Gujarat and Rajasthan

(Ministry of Agriculture & Farmers Welfare, Govt. of India)

H.M. Patel Institute of Rural Development,

Opp. Nanadalaya Temple, Post Box No. 24,

Sardar Patel University

Vallabh Vidyanagar 388120, Anand, Gujarat

Ph.No: +91-2692-230106, 230799, Fax- +91-2692-233106

E-mail : director.aerc@gmail.com

Website: www.aercspu.ac.in

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